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General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

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JUN 14 1988

The Honorable William H. Webster
Director, Central Intelligence Agency

Attention: Director, External Affairs

Dear Mr. Webster:

Enclosed are 10 copies of our draft report to the Chairman and Ranking Minority Member of the House Foreign Affairs Committee, entitled ARMS CONTROL AND DISARMAMENT AGENCY: Improvements Needed To Protect Compartmented Information (code 464126) for your Agency's review and comment.

We ask that you provide comments to us within 30 days of the date of this letter. As you know, 31 U.S.C. 718(b) limits the period of time for comment on this report to 30 days from the date of this letter unless the Comptroller General grants an extension after the head of the agency shows (1) that a longer period is necessary and (2) that an extension is likely to result in improvement to the accuracy of the report. We would prefer written comments, but oral comments are acceptable, provided your designee speaks officially for the Agency. Please have your representative inform Mr. Albert H. Huntington, III, Group Director (557-1469), within 15 days of the date of this letter, whether written comments will be provided. If they will not be provided, a meeting can be arranged to obtain oral comments before the end of the 30-day period.

We call your attention to the notice stamped on the cover of the draft report regarding limitations on the use of the draft report and the need for safeguards to prevent its premature or unauthorized use.

We have assigned the preliminary overall security classification of CONFIDENTIAL based on the level of security of documents furnished us during our review. We would appreciate your staff reviewing the security classification of the draft report and providing us the results of the

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security review within 15 days from the date of this letter. In your review, please identify the specific phrases and figures that are classified.

We have also requested comments on this draft report from the Arms Control and Disarmament Agency and the Department of State. If you desire further information, please contact Mary Quinlan, Evaluator-in-Charge, on 557-1524, or Mr. Huntington.

Sincerely yours,

for Bill W. Thurman

Frank C. Conahan
Assistant Comptroller General

Enclosures - 10

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Draft Report

ARMS CONTROL AND DISARMAMENT AGENCY: Improvements Needed to Protect Compartmented Information

Notice: This Draft Is Restricted to Official Use.

This draft report is being provided to obtain advance review and comment from those with responsibility for the subjects it discusses. It has not been fully reviewed within GAO and is, therefore, subject to revision.

Recipients of this draft must not, under any circumstances, show or release its contents for purposes other than official review and comment. It must be safeguarded to prevent publication or other improper disclosure of the information it contains. This draft and all copies of it remain the property of, and must be returned on demand to, the General Accounting Office.

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The Honorable Dante B. Fascell
Chairman
Committee on Foreign Affairs
House of Representatives

The Honorable William S. Broomfield
Ranking Minority Member
Committee on Foreign Affairs
House of Representatives

In June 1987, you requested that we review the Arms Control and Disarmament Agency's (ACDA) compliance with statutes, executive orders, regulations, and other applicable laws governing the protection of classified information. In this report, we discuss ACDA's control of classified documents containing sensitive compartmented information (SCI) at its Sensitive Compartmented Information Facility (SCIF) in its Washington, D.C., headquarters office. The results of our evaluation of ACDA procedures for protecting other national security information will be provided separately.

Overall, we found that ACDA can not account for certain SCI documents and that the SCIF may not be certified for storing SCI, as required by the Director of Central Intelligence.

National interests often require that certain information concerning national defense and foreign relations be protected from unauthorized disclosure. Much of the information considered important to national security interests is classified as top secret, secret, or

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confidential. Some information pertaining to intelligence activities and intelligence sources and methods is considered particularly sensitive and requires more restricted access and physical protection. This more sensitive information is categorized into compartments and is referred to as SCI, or codeword. Pursuant to provisions of the National Security Act of 1947 and Executive Order 12333, the Director of Central Intelligence has established policies and procedures for storing and controlling SCI documents.

DOCUMENT ACCOUNTABILITY AND CONTROL PROBLEMS

Having access to SCI is important to ACDA in its role as advisor on arms control and disarmament matters. Along with access to SCI goes the responsibility for safeguarding it, to include individual document control, according to directives issued by the Director of Central Intelligence,

We reviewed ACDA's procedures for controlling certain documents from three categories (compartments) of special access information. For each of these categories, ACDA maintains separate, controlled-document logs or registers. To determine whether the documents recorded on the logs were in the files, we randomly selected 209 active log entries, out of an estimated 7,600, from the three

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categories. This sample represented 237 documents received from 1982 through 1987.

In February 1988 we asked ACDA staff to find the sample documents. As of the end of March 1988, when we completed work at the SCIF, ACDA officials had not been able to locate over one-fourth (28 percent) of the sample. However, since that time, ACDA officials told us that during their normal activities of filing and retrieving documents, they had located three more documents from our sample.

ACDA officials told us that they believed some of the documents we asked for could not be located because they might have been destroyed without it being annotated in the logs, as required. They also told us that they believed many, if not all, of the other documents were in the files but could not be readily located.

A major shortcoming in ACDA's document control system is that SCI material is filed according to subject rather than by document number or date. Therefore, material from several compartments could be in the same subject file, and a given document could be in a number of files. ACDA's logs do not provide a cross reference to a specific subject file and the safe and drawer in which a document

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is supposed to be, thereby making individual documents more difficult to find. ACDA officials often had to use a general description or title in the log to guess where a document was. As a result of this trial and error process, they were sometimes unable to locate a document within a reasonable time.

STATE DEPARTMENT NOT EXERCISING OVERSIGHT

The State Department is required by law to provide all administrative support to ACDA.[1] State's Assistant Secretary for Intelligence and Research, a Senior Intelligence Officer (SIO) in the intelligence community, is responsible for security oversight of and support for ACDA relating to SCI material. Accordingly, the State Department has provided a facility to store ACDA's SCI. State's oversight responsibilities also include ensuring that the facility meets specified security requirements and that ACDA is handling SCI properly. Based on our review, State has not provided sufficient oversight and control to ensure that the ACDA SCIF meets applicable requirements.

A Director of Central Intelligence directive concerning physical standards for storing SCI stipulates that all SCI storage facilities be accredited, that is, certified that

[1]Arms Control and Disarmament Act of 1961 (22 U.S.C. 2581).

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they meet prescribed standards before being used to store SCI. Further, the facilities are required to be inspected every 2 years to certify compliance with the directive.

The State Department Bureau of Intelligence and Research SIO could not produce documentation showing that the SCIF had ever been accredited. He stated that his office lacked sufficient resources to develop the necessary accreditation paperwork. However, he could not explain why there was no certification for the period prior to his arrival in 1985. Nevertheless, he told us that he believed the SCIF met the required physical standards, and in late February 1988, he wrote us a memorandum stating this.

In addition, according to a SCI security policy manual, the State Department is required to conduct periodic reviews of ACDA's SCI to ensure that proper accountability is being maintained. The State SIO could not furnish us any evidence that the required reviews had been done. However, the SIO said he had frequently visited the SCIF to informally monitor procedural security requirements.

Similar findings were reported by the Acting Director of Central Intelligence in a March 1987 report based on a

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survey of ACDA security procedures.[2] The survey team found that the SCIF had not been accredited and that the State SIO had not exercised adequate security oversight and support. The report recommended that State provide ACDA the required security oversight and support; provide standard procedures for using, handling, and storing SCI material; and conduct periodic compliance inspections. In his letter transmitting the report to ACDA, the Acting Director requested that the State SIO report to him within 6 months (by September 1987) on State's implementation of the recommendations.

In April 1987, the Director, ACDA, requested that State's Assistant Secretary, Intelligence and Research, assist in implementing the report's recommendations. In a May 1987 response, the Assistant Secretary said that the SIO would contact ACDA to address security oversight and support of the SCIF. According to ACDA officials, the SIO has not contacted them.

As of June 1988, the State SIO had not provided a response to the survey report. An official in State's Bureau of Intelligence and Research said that State did not have

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[2]The survey was conducted by security officials from the Central Intelligence Agency, National Security Agency, and State Department because of allegations of possible security problems at ACDA.

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sufficient resources to act on the recommendations. In addition, the State official said that the SCIF is scheduled for renovation. At that time, some of the recommendations concerning the SCIF's physical arrangements could be implemented.

CONCLUSIONS AND RECOMMENDATIONS

ACDA's system of SCI accountability and control needs improvement. ACDA's inability to locate a large percentage of our sample of controlled documents demonstrates poor administrative controls. Efforts should be made to account for these documents and others under ACDA's control. Further, the State Department has neither fulfilled its responsibility to have ACDA's storage facility accredited nor exercised its oversight role by evaluating the adequacy of the document control procedures being used.

To ensure that SCI is adequately accounted for, we recommend that the Director, ACDA, inititate the following actions:

-- Establish formal, written procedures requiring, at a minimum, log notations as to a document's specific location.
-- Conduct an inventory of all SCI documents in ACDA's possession to determine what ACDA should be accountable

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for and to identify what documents may be missing. If documents cannot be accounted for, an assessment should be made as to the likelihood that a breach of national security occurred.

We also recommend that the Secretary of State correct the deficiencies identified in the 1987 joint survey of ACDA's security policies and procedures, including obtaining the proper SCIF accreditation and providing ACDA the necessary administrative support and security services to ensure that SCI material is protected and accounted for in accordance with regulations.

OBJECTIVES, SCOPE, AND METHODOLOGY

To understand the requirements governing the control and protection of SCI, we reviewed statutes, executive orders, Director of Central Intelligence and State Department regulations, and ACDA procedures. We also discussed these requirements with cognizant ACDA, State, and Central Intelligence Agency officials.

We focused our efforts on ACDA's accountability for controlled documents and State's compliance with its administrative and security oversight responsibilities pertaining to the SCIF. We randomly selected 209 log entries (out of an estimated 7,600) dating from 1982

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through 1987 from three categories of special access information to determine whether listed documents were in the files. In addition, we reviewed the status of State's response to the joint intelligence agencies' survey team's 1987 findings and implementation of certain recommendations regarding the SCIF.

Our review was conducted between December 1987 and April 1988 in accordance with generally accepted government auditing standards.

Sincerely yours,

Frank C. Conahan
Assistant Comptroller General

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